

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BBL2014 – BUSINESS LAW

(All Sections / Groups)

2 MARCH 2020
9:00 a.m. – 11:00 a.m.
(2 hours)

INSTRUCTIONS TO STUDENT:

1. This Question paper consists of 2 pages excluding the cover page.
2. Answer **ALL FOUR (4)** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided. All answers should be supported with relevant statutory provisions and case law.

QUESTION 1

- (a) Thor Khoo and Loki Khoo, who are brothers, pooled their money and bought a red 1972 Maserati. They spent long hours restoring it and they found that many people loved the car and often asked to borrow it for special occasions. Both of them decided to rent the car and they earned a lot of money renting out the car. They even borrowed the money from a bank and bought another car for the same purpose.

Since things were going so well, both of them agreed to operate their business together for the next five years. They called the business "Khoo Classic Cars". They also agreed that they would pay for all costs associated with the operation of the business and divide what was left equally. Three months after they made this agreement, Thor was killed in a traffic accident and the Classic car that he was driving was completely destroyed in the accident. Loki made a claim with the business's insurance company for the value of the car. Shortly after, a cheque for the loss of the car was sent to Loki. Thor's widow, however, believes that the insurance funds belong to her since the car's title is in Thor's name.

With reference to the Partnership Act 1961, discuss the type of business relationship between Thor and Loki and what should happen to the "Khoo Classic Cars", the debt to the bank, the insurance proceeds and profit from operating the "Khoo Classic Cars" business as a result of Thor's death.

(20 marks)

- (b) Discuss the main disadvantages of running a business as a conventional partnership.
(5 marks)

[Total: 25 marks]

QUESTION 2

- a) Clint Barton was appointed as an agent by Mr. Wolverine to assist him in his business. An agreement was signed by both parties to appoint Clint Barton as Mr. Wolverine's representative in any business deals and auction.

In January 2019, Clint Barton was sent to attend a private auction held in Singapore on behalf of Mr. Wolverine. He was informed that he may claim all his expenses to perform such duty when he successfully obtained the required items including five percent commission on the price fetched by the items. During the auction, he noticed that the items in the auction were stolen items. However, he managed to secure the items and went back to Malaysia. The items were then delivered to Mr. Wolverine's warehouse. Mr. Wolverine ordered him to sell the stolen items to Tan Sri Strange.

After the transaction was made, Clint Barton submitted his resignation letter together with his claim form for his completed duty in Singapore and his commission for the stolen items. Mr. Wolverine refused to pay. Advise Clint Barton.

(15 marks)

Continued...

- b) Explain the creation of agency by way of ratification.

(10 marks)

[Total: 25 marks]

QUESTION 3

- a) Peter Parker proposed to sell his guitar to Captain America for RM5,000 to be accepted within a week. Captain America agreed to buy the guitar and sent a notice of acceptance to Peter Parker which says; 'If I hear no more, I consider the guitar to be mine at RM4,500'. Immediately after receiving the notice, Peter Parker sold the guitar to Magneto. Captain America wishes to sue Peter Parker for breach of contract. Advise him.

(15 marks)

- b) Terms of the contract may be classified into two, conditions or warranties. Explain the differences between these two.

(10 marks)

[Total: 25 marks]

QUESTION 4

Thanos was the Chairman and Managing Director of Avengers Sdn. Bhd., a company he founded and in which he owned 60% of the shares. Thanos was the main driving force behind the success of the company for over 20 years. He has a reputation for being an extraordinary business genius and a dynamic leader among the rest of the Board.

Thanos is also the owner and principal shareholder of Northern Light Sdn. Bhd. a company that provides a wide range of transport to Avengers Sdn. Bhd. In 2018, Thanos arranged for a RM100,000.00 unsecured loan from Avengers Sdn. Bhd. to Northern Light Sdn. Bhd. Black Widow, the finance director co-signed the documents and the cheque releasing the funds. Iron Man and Spider Man, the other Board members, were told about the loan but were not given an opportunity to vote on the matter. No provision was made as to how the loan was to be repaid and the debt still remains outstanding.

At the end of 2019, Avenger Sdn. Bhd. began to encounter financial difficulties as the global economy impacted the travel industry. Thanos, in his usual dynamic way, persuaded the Board to buy a used space shuttle from Rainbow Sdn. Bhd., a company in which Thanos's wife, Pepper Potts is the principal shareholder, for RM 7 million with a view of introducing space travel to Malaysians. Thanos convinced the Board of the immense earning potential this could generate, and the Board, trusting in Thanos's judgment, agreed to proceed with the transaction. Avenger Sdn. Bhd. was recently acquired by Holiday Worldwide Bhd. which has now discovered the above transactions.

Advise Holiday Worldwide Bhd. about the claims they have against Thanos, Black Widow, Iron Man and Spider Man and if there are any defences available.

[Total: 25 marks]

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